

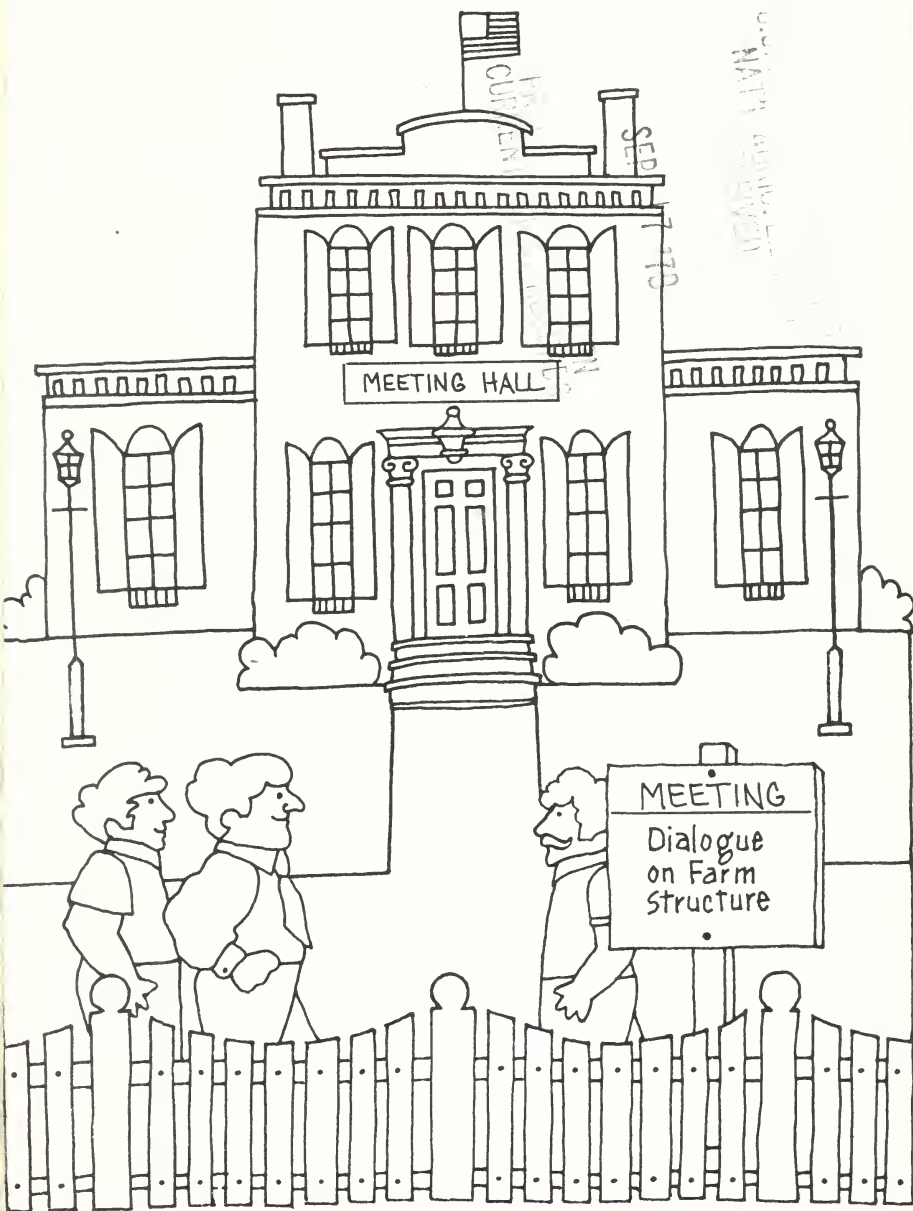
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agricultural situation

THE CROP REPORTERS MAGAZINE • JULY 1979
ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE
U.S. DEPARTMENT OF AGRICULTURE



DIALOGUE ON FARM STRUCTURE

"I ask you straight out if the farm policy decisions both government and the private sector have made in modern times—and the programs that implemented those policies—are still in our long-term best interests."

With these words, Secretary Bob Bergland challenged American farmers to engage in "a full-scale national dialogue on the future of American agriculture."

The speech, delivered to the National Farmers Union Convention in Kansas City, Mo., this spring, urged farmers to join in defining agriculture's needs, setting goals, and finding innovative ways to attain these goals.

"My concern is that when we have problems we too quickly reach for traditional solutions—like increasing support prices.

"We tend not to look for new ways or even consider whether the traditional approaches are appropriate for solving today's problems," Bergland declared.

Bergland stressed that his goal for the talk was not "to present my judgments. I am here to open what I hope will become a full-scale national dialogue on the future of American agriculture."

Speaking at a time when many farmers were arguing for govern-

ment-guaranteed 90 to 100 percent of parity, cost of production guarantees, and Federal efforts to save family farms, Bergland urged farmers to reassess these demands.

While acknowledging that the modern U.S. agricultural system and its policies and programs "helped create a food and fiber production system that is the envy of the world," Bergland said it is time to question aspects which have long been thought to be true.

"Could it be that the emphasis on price and income support programs has worked to the disadvantage of small and medium-sized farmers?" he asked as an example.

The Secretary then questioned whether these policies and programs contribute to "an unending trend toward larger and larger and fewer and fewer farms that will increasingly dominate and control production.

"Do they tend to help most those farmers who need help the least? And help least those farmers who need help the most?"

Bergland declared that a major lack in U.S. agricultural policy is that little attention has been given to the changing structure of agriculture.

To underscore this need, he said that in 1960 small farms with less

than \$20,000 in gross sales produced nearly half the value of all farm products. Today, these farms account for only 11 percent of the farm output.

"The truth is, we really don't now have a workable policy on the structure of agriculture," Bergland declared. "To the extent we talk about such a policy, its focus is always on the number of farms. But on what basis do we decide whether we should have 1 or 3 million farms?"

The decline in the number of farms has profoundly affected rural communities, he said. Citing the demise of small rural businesses that supported small farms and the migration to the cities, Bergland

"We can act now to insure
the kind of American
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... or we can let matters
take their course..."

decried the resulting distortion of the "traditional rural social order."

The Secretary questioned whether previous efforts to shore up the farm economy have actually hurt small farmers. "I see the benefits of many of our farm programs... contributing to higher and higher land prices."

Bergland said rising land prices add to fixed production costs, thus discouraging young and new farmers from getting started.

"My own son-in-law is caught in this predicament," he said. "He runs my farm back in Minnesota because he simply can't afford to buy his own at today's prices."

Similarly, Bergland said he opposes 100 percent parity because it would not only "price us out of export markets... it would drive land prices even higher."

As for the cost-of-production con-

cept, he said large farms would benefit most because they "tend to produce at below the national average cost of production."

"Increasing target prices would generate windfall profits for each bushel produced. And it's the large farms that produce most of the output."

Turning to the concern for protecting family farms, Bergland reiterated his support for "the family farms as a concept and as an institution of proven economic and social worth."

But the Secretary urged farmers to help define what is meant by the "family farm" to seek ways of truly working to preserve it.

He recalled that he and his staff recently met with 21 farmers who were lobbying for higher support prices they said were necessary for family farmers such as themselves.

"Yet 20 of those 21 farm operators had annual sales of more than \$200,000. And several of them went so far as to suggest that any farm with less than \$100,000 in annual sales should not be considered a commercial farm."

"That definition, of course, would eliminate more than 90 percent of all farms in this country."

Bergland emphasized that in order to design policies to preserve the family farm, specific characteristics must be defined to guide policymakers.

The Secretary then suggested some guidelines for efforts to design such a policy:

- "It must emphasize the importance of good management practices in the interests of consumers and our competitive position in world markets."

While technology has enabled great production gains, large operations are best able to apply—and benefit from—new technology. Thus technology enables the big to get bigger.

- "It must recognize that most farms should be under the control

and management of their owners and operators.

- "It must recognize the tremendous diversity within the family farm structure and encourage and support that diversity."

Bergland noted that "there is not really one population of farms but many. A national structures policy must recognize that calculations of average farm size and average farm income really provide no useful policy guidance."

The Secretary emphasized that a successful policy toward family farms must accommodate the interests of both "the family farm operator and the society in which he lives."

Bergland noted that the next comprehensive farm bill may be before Congress in 1981, and he urged the farmers "to begin a serious dialogue over what kind of agriculture you want for the future."

In closing, he said, "We can act now to insure the kind of American agriculture we want in the years ahead."

"Or we can let matters take their course, with the probable result that we will wake up some morning to find out that we have forfeited our last chance to save those characteristics of the farm sector we believe are worth preserving."

THE AGENDA

In keeping with his call for a national dialogue on issues affecting the structure of U.S. agriculture, Secretary Bob Bergland will conduct 10 public meetings across the Nation.

The meetings will be held in November and December at sites to be announced later. Bergland will seek the views of organizations and individuals who have a stake in agriculture—from farmers to consumers.

Information gathered at each meeting will be published to stimu-

late further discussion.

In 1981, Congress will undertake to renew or revise the basic farm legislation now in force. The goal of the national dialogue on farm structure is to amass the most comprehensive and factual base of information and recommendations ever put together.

The results will be critical in developing a new bill, as well as in adjusting tax laws, credit programs, and regulatory procedures.

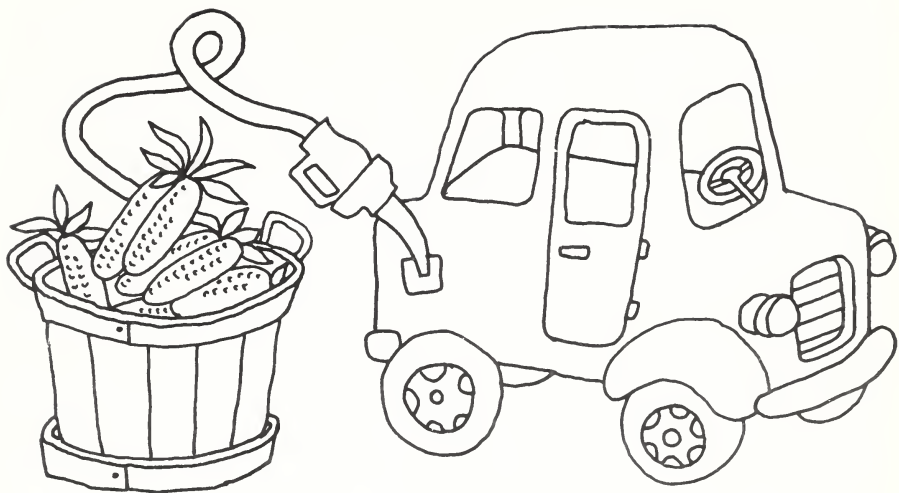
The public meetings are a key part of a four-point program to encourage broadscale discussions. Other parts of the program include gathering facts and figures on the structures issue, researching questions lacking solid information, and soliciting views and ideas from organizations dealing with agriculture and rural life.

USDA is urging farmers and others to get involved in the dialogue and to encourage local organizations to sponsor public discussions. Questions about structure include such issues as the number and sizes of farms, ownership and control of resources, specialization, and the barriers to entering and leaving farming.

Some basic considerations include the efficiency of the food and fiber system, government expenditures for farm programs, the economic well-being of farmers, the level and stability of food prices, the conservation of natural resources, and the quality of life in rural areas.

How can a citizen participate in the dialogue? USDA has established a contact for anyone wanting to express his or her views or to seek additional information. Write to: Project Coordinator, Structure of Agriculture, U.S. Department of Agriculture, Washington, D.C. 20250.

Information on the public meetings also will be available from State and county Extension and ASCS offices.



MILES PER BUSHEL

No one has yet started rating cars by their "miles per bushel," but spiraling oil prices and gas shortages have taken some of the starch out of early reservations about gasohol.

Hundreds of gas stations in the Midwest and other areas are already pumping the fuel, a mixture of 90 percent unleaded gasoline and 10 percent ethyl alcohol (ethanol). Ethanol is a liquid derived from distilling grains and various other agricultural commodities.

Nationwide, even more stations are expected to offer gasohol in the wake of the Environmental Protection Agency's decision not to impede the substitution of gasohol for unleaded gasoline and the President's energy initiatives.

With proper planning, widespread use of gasohol could have some potentially significant benefits. It could lessen U.S. dependence on foreign oil while putting to good use some of the nation's abundance of grain and agricultural wastes. Farmers could benefit as the suppliers of the raw materials used in ethanol production.

As recently as last year, it appeared that economics just didn't

justify the wide use of gasohol. Gasohol would have been priced considerably more at the pump than gasoline, and the amount of petroleum-based fuel needed to produce ethanol exceeded the amount of energy provided by the final product.

Although the question of energy efficiency remains, rising gasoline prices have sparked renewed interest in gasohol on the part of government, industry, and the public. USDA has tentatively committed \$42.7 million in loan guarantees to assist in financing four pilot projects to convert agricultural and forest products into gasohol and other scarce fuels.

Also, USDA is expanding research and development work on alcohol fuels. For fiscal 1980, \$6 million has been earmarked in this area.

On the price front, Government actions have helped cut the differential between gasoline and gasohol. Although gasohol still sells at the pump for somewhat more than gasoline, the Federal Government has enacted a 4-cent-per-gallon excise tax exemption.

Fuel grade alcohol sells for around \$1.79 a gallon, which raises the price of gasohol even though the alcohol is only a tenth of the gasohol mixture.

In Iowa and Nebraska, the State sales tax on gasohol has been waived, making the price comparable to unleaded gasoline. Also, many other States are considering bills to reduce or eliminate taxes on gasohol sales.

If the Government encouraged a major switch to gasohol, there might be some significant benefits for farmers, fuel consumers, and the general economy. However, such a program might also create more problems than it solved. Much would depend on the direction it took.

For example, a national gasohol program based entirely on corn and covering total U.S. gasoline consumption could have disruptive consequences. It would take over half the nation's corn crop to produce the needed 10.8 billion gallons of alcohol to make the 10-percent blend.

For most current gasohol production, corn is used as the alcohol-producing grain because of its high starch content, ease in processing, abundance, and lower price compared with wheat.

Corn produces 2.6 gallons of alcohol per bushel, leaving distillers dried grains—a high-protein animal feed—as a major byproduct.

If corn were the major alcohol raw material to fill the needs of a national gasohol program, idle land would be drawn into production to assure an ample supply of grain for food and feed markets. Also, land from other crops, such as wheat and soybeans, would probably have to be diverted.

There is much controversy over the effects this might have on the American economy. Many observers contend that any considerable use of corn for production of alcohol would result in sharply higher prices for cereals, baked

goods, meats, and many other foods.

In this case, the country might just be swapping one problem for others. There would be enough fuel, but at the expense of higher food prices, increased inflation, and the potential disruption of domestic and foreign markets.

In view of the economic uncertainties associated with the large-scale production of alcohol from corn, USDA has suggested that gasohol might be produced mainly from agricultural and forest wastes, such as corn stalks, wheat straw, and wood chips, and from municipal solid wastes.

Some other alternatives are sweet sorghum, cull sugarbeets and potatoes, and bagasse (the plant residue from sugarcane). This would benefit farmers and motorists alike without disrupting food production.

Another serious consideration in implementing any federally supported program for converting agricultural products to ethanol is energy efficiency. The production of ethanol alcohol is beneficial in the longrun only if it yields more energy than it uses in the form of scarce fuels.

Present-day alcohol distilleries use petroleum-based fuels or natural gas for alcohol production. They were not constructed to conserve fuel and were designed for the production of beverage-grade alcohol.

Research indicates that, using this method, the grains-to-alcohol process consumes considerably more energy than it yields. If this is typical, expanded production of gasohol would only mean increased reliance on foreign crude oil and natural gas.

However, recent emphasis on maximizing energy savings has led to alcohol conversion methods that promise a more positive net energy balance, especially when it comes to scarce fuels.

If a Government-supported program for the conversion of agricultural products to ethanol is

initiated, it has been suggested that coal be used for energy production. Unlike oil and natural gas, which are in limited supply, America's coal supply is ample to fulfill our needs for centuries to come.

Coal should not substantially increase manufacturing costs as long as distilleries are located in areas where coal shipment costs could be minimized.

FIP MEANS TREES

"I thought it was better to leave my kids a forest rather than a bank account," said William P. McMullen, a retired farmer from Maben, Miss., who planted 25 acres of his land to trees about 3 years ago.

McMullen funded his tree plantings through a program sponsored by USDA's Agricultural Stabilization and Conservation Service. The Forestry Incentives Program— FIP— encourages private landowners to raise marketable timber on their lands.

FIP not only shares the costs of tree farming with qualified landowners but also provides technical help through State Foresters to assure that forests are managed professionally. This relieves fears about timber raising because it takes from 20 to 40 years to derive returns from money invested in forestry.

FIP, now 5 years old, has improved or reforested over 1.2 million acres of land. The Federal Government has invested \$38.7 million in cost shares, which vary from 50 to 75 percent of the total cost to the landowner.

From FIP acres, the Nation will derive almost 5 billion cubic feet of timber and wood products, such as paper and plywood. If the total timber yield from FIP land were to go into construction, it would be enough to build 2½ million houses.

WATCHING THE SPREADS

Higher retail meat prices have been a major contributor to food price increases this year. Although the current phase of the cattle cycle is one factor and strong consumer demand is another, these alone may not fully explain the behavior of meat prices.

In fact, a persistent question has been whether middlemen have been raising meat prices faster than cost conditions in the meat industry warrant. Although there are no easy answers, a recent USDA report took a close look at meat prices in relation to costs and returns to middlemen.

The conclusion: There is evidence of excessive returns over costs in some segments of the marketing sector.

Of course, the trend in meat prices partly reflects higher cattle prices at the farm where several years of herd liquidation have significantly pared cattle numbers. Livestock prices increased sharply in 1978 and through the first quarter of this year.

Although higher prices for meat animals are ultimately passed on to consumers, better returns to cattlemen were long overdue. Cost of production studies indicate that most cattlemen did not begin to receive prices that fully covered their longrun investment costs until late in 1978. Many had accumulated a backlog of losses and debts.

So, smaller supplies of beef cattle have provided a needed boost to farm prices, and these are partly reflected at the meat counter. Another factor contributing to higher retail meat prices has been continued strong pressure from the demand side. With the help of rising incomes, consumers have generally shown they are willing to pay the price to have beef on the table.

Therefore, it appears that higher meat prices are consistent with

supply-demand conditions. However, that's not the full story. In other words, while supplies of beef are certainly down from last year, there is more pork and poultry meat available. And total meat supplies this year are expected to be close to the record level of 1977.

Yet, despite these large meat supplies, retail prices have increased much faster than the rate of inflation in the general economy.

This points to the marketing sector where, along with rising wages and overall inflation in the general economy, costs have been increasing, too. But the question the USDA study examined was whether price spreads indicate excessive returns over costs.

As meat animal carcasses move through the marketing system, costs add to the "value" of the meat at each stage. Price spreads between one stage and another provide a measuring stick of returns to packers, processors, wholesalers, and retailers.

For example, the farm-to-retail spread for Choice beef measures the costs added by all segments of the marketing sector after the animal leaves the farm gate until the beef is sold at the grocery checkout counter.

The cost added by the packer to a quantity of *beef* that will be trimmed to a 1-pound retail cut is the carcass value. The difference between the carcass and net farm value is the farm-to-carass spread for beef. Costs added by other middlemen after the packer can be measured by the carcass-to-retail price spread.

Similarly, the retail equivalent cost added by the packer-processor to *pork* is the wholesale value. The difference between the wholesale value and net farm value is the farm-to-wholesale spread for pork, which measures the value added by the packer-processor. The value added by other middlemen after the packer-processor can be gauged by the wholesale-to-retail spread for pork.

When price spreads based on changes in costs between 1977 and March-April 1979 were compared with actual price spreads, USDA found the following:

- The carcass-to-retail price spread for Choice beef was about 9 cents greater than estimated cost increases would justify;

- The farm-to-carass price spread for Choice beef was about 2 cents less than underlying costs would apparently warrant;

- The wholesale-to-retail price spread for pork was about 9 cents greater than cost conditions seemed to justify;

- The farm-to-wholesale price spread for pork was about 5 cents less than estimated to be warranted by costs.

Price spreads usually decrease when livestock prices rise because retailers attempt to stabilize their prices over time. However, during the latter part of 1978 and early 1979, the price spreads increased while farm prices were increasing—an atypical situation which helped push meat prices higher than expected.

Furthermore, the price spreads have continued to widen even though livestock prices declined some. Final estimates for May indicate that, even though the farm value of Choice beef fell about 2 percent, the farm-to-retail spreads increased 13 percent, or over 10 cents a pound.

Widening price spreads partly reflect higher marketing costs. However, the widening of spreads to the point where there are probably excess returns over costs is an unwelcome development for consumers and inflation fighters.

The study, prepared by USDA's Economics, Statistics, and Cooperatives Service, was forwarded to the President's Council on Wage and Price Stability. USDA and the Council jointly monitor, assess, and report sources of inflation in the food and agricultural sector.

1979 U.S. CROP SUMMARY

The total area planted to major crops in 1979 is estimated at about 355 million acres, up 1 percent from last year, according to the Crop Reporting Board's *Acreage* report.

Larger plantings of oilseeds and wheat more than offset cuts in feed grain acreage.

Farmers increased corn plantings around half a million acres from their April 1 intentions, making the area planted about the same as last year. However, acreages planted to sorghum, oats, and barley were all down from 1978, resulting in a 4-percent drop in total feed grain seedings.

All wheat plantings were up 8

percent from last year. A 3-percent decline in Durum acreage was more than offset by an 8-percent increase for winter wheat and a 9-percent increase for other spring wheat.

Soybean farmers boosted plantings 2.9 million acres from their April intentions to a record 71.7 million acres. This represents an increase of 12 percent from 1978 and 22 percent from 1977. Sunflower seedings in the four major producing States were up 87 percent.

Acreage to be harvested for hay is estimated at almost 61 million acres, 1 percent below both April 1 intentions and last year's area but up slightly from 1977.

Crop	1977 plantings	1978 plantings	1979 plantings	1978 to 1979
	1,000 acres			Percent change
All corn	83,568	79,719	79,751	0
All sorghum	16,993	16,483	15,574	-5
Oats	17,733	16,385	14,082	-14
Barley	10,621	9,987	8,060	-19
All wheat	75,119	66,094	71,227	+8
Winter	56,295	47,730	51,695	+8
Durum	3,183	4,110	3,982	-3
Other spring	15,641	14,254	15,550	+9
Rice	2,261	3,080	3,070	0
Rye	2,652	2,985	3,077	+3
Soybeans	58,760	64,044	71,654	+12
Flaxseed	1,410	890	1,059	+19
Peanuts	1,545	1,544	1,549	0
Sunflower	2,321	2,840	5,305	+87
Popcorn	161	145	187	+29
All cotton	13,695	13,360	13,913	+4
Upland	13,619	13,283	13,820	+4
Amer-Pima	75	78	93	+20
All hay ¹	60,658	61,495	60,860	-1
Alfalfa	27,075	27,707	27,259	-2
All other	33,583	33,788	33,601	-1
Dry edible beans	1,413	1,544	1,456	-6
Dry edible peas	173	204	142	-30
Summer potatoes	119	115	111	-3
Sweet potatoes	117	124	126	+1
Tobacco ¹	958	949	870	-8
Sugarbeets	1,273	1,310	1,157	-12
Sugarcane for sugar and seed ¹	759	739	741	0

¹Area harvested.

RURAL JOB CONNECTION WIDENS

Living near an interstate highway may no longer give a rural breadwinner a head start on the job market.

When they were built, interstates meant jobs—but primarily to the suburban and rural counties they passed through. When commerce and industry started following the interstate highways out of the cities, it was the counties along the route that reaped the benefits of new job opportunities and rising employment.

However, that was the 1960's. More recently, the influence of interstates widened as business filtered out from these congested corridors between cities.

To be sure, growth in employment has continued—and often accelerated—in those counties touched by the interstates, but lately many of the counties bypassed by the superhighways have gained more new jobs.

Going back to the period of peak interstate construction, 1966-71, annual growth in total employment expanded notably faster in nonmetropolitan counties with interstates than in those without.

However, during the next 5 years, the counties without interstates showed employment expanding at rates either about the same or faster than in those counties along interstates.

The changing pattern of employment growth since 1971 has been generally consistent among regions, as indicated by the table below. Even in the West, the advantage held by counties with interstates narrowed sharply in the more recent period.

The same was true by employment sector. The only evidence of a

continuing advantage for counties with interstate access was in manufacturing in the West and in trades and services in the Northeast.

Why did the noninterstate counties catch up to—and pass—their counterparts in employment growth? Possibly because, as the superhighways were nearing completion in the late 1960's, State funds were freed for the expansion and improvement of secondary roads. These feeder roads allowed heavy truck loads and opened up areas to industry that were previously isolated.

Along with this, commercial and residential development has spread out from the relatively crowded interstate corridors, providing an influx of labor and new markets for business, and new job opportunities for rural residents.

AVERAGE ANNUAL GAINS IN TOTAL EMPLOYMENT Nonmetropolitan Counties

Region	1967-71	1971-76
<i>Percent change</i>		
Northeast		
With highway.....	1.2	1.3
Without highway...	0.7	1.5
North Central		
With highway.....	1.8	2.2
Without highway...	1.7	2.7
South		
With highway.....	2.1	2.0
Without highway...	1.8	2.0
West		
With highway.....	3.2	4.7
Without highway...	1.8	4.5
Total U.S.		
With highway.....	2.0	2.3
Without highway...	1.7	2.6



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Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS.

HOGS AND PIGS. . . The latest U.S. inventory of hogs and pigs on June 1 was estimated at 64.9 million head by the Crop Reporting Board. That's 18 percent above last year and the largest June inventory since 1971. The December 1978-May 1979 pig crop was 50.6 million head, 19 percent above last year. For the June-November period, U.S. producers intend to have 7.42 million sows farrow, an increase of 16 percent from the same period last year and 23 percent above 1977.

RELEASES AND CALLS. . . Wheat, corn, and sorghum were in "release" status when oats and barley passed their "call" levels for the farmer-owned reserve in late June. When the call level (\$4.11 a bushel for wheat, \$2.80 for corn, \$2.66 for sorghum, \$2.28 for barley, and \$1.44 for oats) is reached, USDA is legally bound to require payment of all loans outstanding against the farmer-owned reserve. This means that producers must repay their loans within 30 days of the call date or forfeit their grain to the Commodity Credit Corporation. If commercial storage or adequate transportation is not available, a 30-day extension may be granted on farm-stored loans on a county-by-county basis. Unlike the call level, release status permits, but does not require, redemption of the loans.

. . . AND THE REDEMPTION TALLY. . . By early July, farmers had redeemed nearly 111 million bushels of wheat from the farmer-owned reserve since the trigger price for release of wheat had been reached May 16. The wheat redeemed accounted for about 27 percent of the 413-million-bushel reserve. From June 5—the date barley was released for the second time—through early July, barley redemptions totaled about 715,000 bushels, almost 2 percent of the barley reserve. Since the second release of oats on May 11, 2.3 million bushels had been redeemed, about 6 percent of the reserve. Both barley and oats were called on June 26. For corn, released on June 19, 34.2 million bushels had been redeemed by producers, about 5 percent of the farmer-owned corn reserve. Sorghum was released on June 22 and, by early July, some 3.9 million hundredweight had been redeemed, nearly 9 percent of the reserve quantity.

WHEAT PRICES SURGE. . . June's U.S. farm wheat prices were nearly \$1 above last year's \$2.80 and were almost double June 1977's low of \$2 a bushel. In early July, prices were over \$4, approaching the \$4.11 call level for the farmer-owned wheat reserve. Although prices may ease somewhat in the weeks ahead as harvest adds to market supplies, demand overseas is very strong with tight global grain supplies and transportation problems in some other exporting countries. Consequently, U.S. farm prices for wheat are expected to average substantially above last season's \$2.94 a bushel—even with a U.S. wheat crop that's likely to top last year's 1.8 billion bushels by a sizable margin.

SOVIET GRAIN FORECAST. . . Total grain production in the Soviet Union for 1979 is forecast at 185 million metric tons, down from the record 237 million last year. Bad weather last fall cut the area sown to winter grains. Then, winterkill was more severe than usual, and an estimated 20 percent of the winter crop had to be replanted in the spring. Planting of spring crops was delayed by cold, wet weather through April and, after that, rainfall was considerably below normal over wide areas. Soviet grain imports are expected to increase sharply as a result, and stocks will be drawn down.

SOMETHING NEW FOR FRESH-MARKET TOMATOES . . . The effect of new farming techniques on the yield and shipping quality of fresh-market tomatoes will be studied by scientists at the Clemson University Truck Crops Experiment Station in South Carolina. Funded under a cooperative agreement with USDA's Science and Education Administration, the 1-year study is aimed at developing new and improved production practices for small-acreage tomato growers who supply the fresh market. Researchers will investigate the controlled use of drip irrigation and fertilization under plastic mulch to determine the interaction of irrigation timing and rate with fertilization rates. They'll also look into the cause of "soft fruit," a condition sometimes resulting from these practices.

HELPING THE HINTERLANDS TUNE IN. . . USDA has inaugurated a new one-step service for borrowers seeking to finance cable television in rural areas. The move to cut red tape and speed up loan processing is in response to the President's "Rural Development Initiatives." The initiatives include upgrading communications to help overcome isolation in many rural areas which lack access to the variety of television channels and other forms of modern communication available elsewhere. Loans and loan guarantees to finance the construction of community antenna television (CATV) will now be administered by USDA's Rural Electrification Administration.

HOPPER INVASION. . . The western States are contending with their worst grasshopper infestation since 1958. By late June, more than 4 million acres of rangeland in 14 States west of the Missouri River had been scheduled for cooperative control treatments. USDA's Animal and Plant Health Inspection Service reported that Arizona, Nebraska, New Mexico, Oregon, South Dakota, Texas, and Wyoming were hit most severely. This is the second bad grasshopper year in a row. During 1978, some 836,000 acres were treated in the cooperative rangeland control program.

POPPING ACREAGE. . . This year's popcorn acreage is 29 percent above last year's and 16 percent above the large 1977 acreage, according to the June 1 survey of the Crop Reporting Board. Growers and contractors reported an estimated 187,000 acres planted. Indiana and Nebraska continue as the leading popcorn States, with over 58 percent of the total planted acreage. Last year, yields were higher than in 1977, but—with the sharp reduction in planted acreage and the lower average price per hundredweight—the crop value slid to \$33.7 million from 1977's \$37.9 million.

A BREAK ON BARLEY LOANS. . . Farmers with 1978-crop barley are being allowed to extend their loans for 6 months. The USDA action, announced on June 18, should help alleviate transportation and storage problems that many producers are facing and give producers another marketing option by permitting them to market their barley over a longer period. Barley prices have been increasing, and USDA projections indicate they should continue to increase.

PROTECTING THE FARMLAND. . . USDA and the President's Council on Environmental Quality will conduct an 18-month study to investigate the extent and causes of conversion of agricultural land to nonagricultural uses. The study will also assess efforts of State and local governments to retain agricultural lands, as well as the role of Federal agencies, and will recommend policy changes if appropriate. Agricultural lands have been disappearing at the rate of nearly 3 million acres a year, with much of the acreage converted to urban uses or used for highways, airports, shopping centers, and other nonfarm purposes.

MORE HELP FOR SMALL FARMERS. . . Projects are being launched in 16 States to help small-acreage farmers increase their production and income. These range from a water conservation project to assist 22 Indian farmers in Mineral County, Nevada, to a program to assist 60 low-income farmers in Fleming County, Kentucky, to improve their income by developing alternative crops. Selected farmers and their families will receive technical and financial assistance from USDA, the Community Services Administration, and ACTION—the parent agency of the Peace Corps.

Statistical Barometer

Item	1977	1978	1979—latest available data
Farm income¹			
Cash receipts from farm marketings (\$bil.)	95.7	111.0	² 125-132
Livestock and products	47.4	59.0	² 68-72
Crops	48.2	52.1	² 57-61
Total gross farm income (\$bil.)	108.5	126.0	² 139-146
Production expenses (\$bil.)	88.8	98.1	² 110-114
Net farm income (\$bil.)	19.8	27.9	² 30-34
Farm food market basket:³			
Retail cost (1967=100)	179.2	199.4	² 221-225
Farm value (1967=100)	178.1	207.4	² 233-239
Farmer's share of retail cost (percent)	38	39	² 40-41
Hogs and pigs:			
Hogs and pigs on farms, June 1 (mil.)	54.5	55.1	64.9
Kept for breeding (mil.)	8.7	8.8	10.4
Market (mil.)	45.8	46.3	54.5
Sows farrowing			
Dec.-May (mil.)	6.1	6.0	7.2
June-Nov. (mil.)	6.0	6.4	⁴ 7.4
Pig crop			
Dec.-May (mil.)	43.0	42.3	50.6
June-Nov. (mil.)	43.2	45.8	⁵ 53.4
Pigs per litter			
Dec.-May	7.10	7.04	7.05
June-Nov.	7.19	7.19	⁵ 7.20

¹Includes net change in farm inventories.

²Projected.

³Average annual quantities per household bought by all urban consumers, based on Bureau of Labor Statistics figures.

⁴Intentions.

⁵Average number of pigs per litter with allowance for trend used to compute indicated June-November pig crop.

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